SOUND TRANSIT
RESOLUTION NO. R2010-10 - Attachment A

FARE POLICY

Sound Transit's mission is to plan, build, and operate regional transit systems and services to improve mobility for central Puget Sound. Sound Transit is committed to wisely managing public funds while fulfilling the mission. The regional transit system plan and services are funded through a combination of voter-approved local taxes, federal grants, bonds, interest revenues, and farebox revenues.

Fare policy principles:

- Purpose – fares are required to generate revenue to cover a portion of Sound Transit's operating expenses as part of the long-term financial plan.
- Customer acceptance –the basis for fares and the need to increase fares is rational and explainable.
- Ease of application and understanding – fare structures are simple for customers to understand and transit employees and fare enforcement personnel to apply.
- Responsible adjustments – fare revenues are tied to Sound Transit's financial plan and fare levels are adjusted as needed to meet revenue requirements.
- Coordination with other regional transit systems – fare media and pricing are integrated regionally among partner transit agencies to:
    - avoid conflicting pricing;
    - facilitate customer and transit employee understanding;
    - minimize fare payment confusion as a barrier to regional transit use;
    - promote regional consistency in provisions for low income and transit dependent riders; and
    - promote public safety
- Discount fares – discounts and pricing levels are established for categories of customers to reflect market factors, the best interest of Sound Transit, to remain compliant with federal and state laws governing transit fares.

Based on these principles, Sound Transit's fare policies are:

1. Farebox Recovery

Fares are only a portion of Sound Transit's revenues and do not fully fund service operations. Farebox recovery ratios are calculated by dividing the fare box revenue by direct and indirect service operating costs and expressed as percentages.

It is the goal of Sound Transit to continuously seek the highest possible farebox recovery ratio while maintaining fares at levels consistent with the fare policy principles. Farebox recovery below the minimum recovery ratios signals to the agency that the financial plan is threatened. Consistent with the agency's financial plan, minimum farebox recovery ratio thresholds are established as follows:

A. Express Bus - 20%.
B. Commuter Rail - 23%.
C. Light Rail - 40%.

Minimum farebox recovery ratios are not applicable to services in startup phase, as defined in Sound Transit's Service Standards and Performance Measures, and services specifically exempted from fare collection by this policy.

When farebox recovery falls below these minimum levels, a fare change process is triggered as set forth in Section 7 of this policy.

2. Fare Structure

The fare structure varies the fare rates based on a measure of services used.

The following fare structures are used to differentiate fare within a given mode:

A. Zone-based fares
    1. Based on geographic zones through which a trip travels.
B. Distance-based fares
    1. Based on trip distance, measured in miles.

The Sound Transit Board adopts fare structures by service mode in separate actions.

3. Fare Categories

Fare rates are set by fare categories. Fare categories are groupings defined by customer traits and market factors.

The fare categories are:

A. Adult Fare
    1. Customers from 19 to 64 years old are charged the full fare as established by the Sound Transit Board.
B. Reduced Fare Categories
    The chief executive officer is authorized to establish reduced fare rates for the following fare categories:
    1. Children
        a. Customers 5 years old and younger ride free.
    2. Youth
        a. Customers from 6 to 18 years old or with a valid high school ID.
    3. Seniors
        a. Customers 65 years old and older.
        b. To comply with Federal Transit Administration (FTA) regulations, the Senior Fare will be no more than 50 percent of the Adult Fare for the same service.
        c. A valid Regional Reduced Fare Permit or valid Medicare card is required as proof of eligibility.
    4. Persons with Disability
        a. To comply with FTA regulations, the reduced fare will be no more than 50 percent of the Adult fare for the same service.
        b. A valid Regional Reduced Fare Permit or valid Medicare card is required as proof of eligibility.

The Regional Reduced Fare Permit program and eligibility criteria are administered by the Puget Sound Regional Council (PSRC). Regional Reduced Fare Permit certification and issuance are performed by local transit operators within the PSRC region.

4. Fare Media

The following fare media are acceptable forms of payment for fares on Sound Transit modes.

A. Cash
    1. Cash payment will be in denominations of no less than five cents.
B. ORCA
    1. ORCA is a smart card for fare payment developed through an interlocal agreement with the region's transit partners.
    2. Customers can use ORCA to pay fares using products loaded electronically onto the smart card, including passes, tickets and e-purse stored value.
    3. Sound Transit will issue and accept transfer value when fare is paid by ORCA e-purse stored value.
        a. Transfer value is issued for the full amount of fare paid.

b. Transfer value expires two hours after issuance.
c. Sound Transit will honor toward payment of fare transfer value issued by any transit agency honoring transfer value issued by Sound Transit under the ORCA system.

C. Passes
1. Passes offer customers unlimited rides at a defined rate of fare over a defined period of time.

D. Delegation of Authority
1. The chief executive officer is authorized to establish, determine pricing of, and sell passes for use on Sound Transit services, and to enter into agreements with other transit agencies for joint acceptance, sales, pricing and revenue sharing of multi-agency passes.
2. The chief executive officer is authorized to issue and honor tickets and other fare media when in the best interest of Sound Transit.

5. Special Rates of Fare

A. Special Event Service
1. Special event services are for public transportation needs that temporarily exceed the capacity of regular scheduled services.
2. The chief executive officer is authorized to establish special event fare structures, rates or third-party payments for the purpose of providing special event service, with the goal of recouping the marginal cost to provide such service to the extent practicable.

B. Ride Free Zones
1. The chief executive officer is authorized to establish ride-free zones given one or more of the following conditions:
a. Cost of fare collection is greater than the revenue to be collected,
b. Sound Transit will provide a minimal amount of total service through an existing ride free zone, or
c. Local jurisdictions and Sound Transit establish an agreement to cover lost revenue.

C. Peace Officer Fares
1. Sound Transit will recognize the law enforcement uniform or presentation of the badge of a peace officer of a general authority Washington law enforcement agency, or federal law enforcement agency as payment of fare.

D. Discounts and Free Fares
1. The chief executive officer is authorized to provide discounted or free fares for the following purposes:
a. Sound Transit promotional and marketing campaigns.
b. Educational outreach and transit training activities.
c. Customer relations and complaint resolution.
d. Participation in human services and low income fare media distribution programs administered by local transit agencies within Sound Transit's service area.
i. Eligibility criteria for low income fares are uniformly established by Sound Transit and one or more local transit agencies operating within Sound Transit's service area, and
ii. Certification of eligibility and issuance of proof of eligibility is performed by the local transit agency or agencies providing low income fare service.
e. Acceptance of paratransit fare media issued by local transit agencies within Sound Transit's service area to customers qualifying for paratransit service under Section 504 of the Rehabilitation Act or the Americans with Disabilities Act.
f. Demonstration of transit services and facility tours hosted by Sound Transit or local transit agencies.
g. Public emergencies.
h. Natural disasters.
2. The chief executive officer will report annually to the Board the value and purpose of fare discounts and waivers authorized under this section.

E. Employer/Institutional Programs
1. The chief executive officer is authorized to enter into bulk pass sales agreements with businesses, organizations and institutions for distribution to their employees, students or clients, under the following conditions:

a. It is in the best interest of Sound Transit, and
b. Passes are priced according to actual or estimated use at a level no lower than the fare revenue that would be expected from the pass users as a group if the bulk purchase/distribution program were not in place, or
c. For purposes of market development and customer retention, a discount of no more than 20 percent may be granted on a temporary basis provided that the bulk purchaser of the pass offers a subsidy of at least 50 percent of the per pass purchase price to the individual pass recipients.

2. The chief executive officer will report annually to the Board the value and purpose of such discounts.

6. Proof of Payment

A proof of payment fare system requires customers to carry a ticket or pass that verifies payment of the appropriate fare. Sound Transit uses a proof of payment system for Sound Transit rail services.

A. The chief executive officer is authorized to establish procedures for implementation of a proof of payment system for Sound Transit rail services and take other action as necessary to provide for enforcement of fare payment and issuance of citations consistent with this policy and applicable law.
B. Sound Transit's Fare Enforcement Policy, adopted by separate Resolution, applies to customers who fail to pay appropriate fare.

7. Fare Adjustments

The Sound Transit Board establishes fare rates by separate action.

A. The chief executive officer will report to the Board an annual review of fare revenues.
B. The Board may consider a fare change proposal under the following conditions:
   1. The farebox recovery ratio falls below the minimum level set by Section 1 of this policy, or
   2. A Sound Transit service currently operating in a ride-free zone no longer qualifies under the ride-free zone criteria.
C. Fare change proposals will include analysis of Sound Transit's fare revenues, operating costs, and fare structures.
D. Fare change proposals will consider fare rates, fare structures, and timing for service changes of regional partner transit agencies, and where possible coordinate those elements to reduce pricing complexity as a barrier to customer use of regional transit services.

8. Public Involvement Policy

It is the policy of Sound Transit that adjustments to the basic fare structure will be implemented only after opportunities for public comment are provided, affording affected customers sufficient opportunity to provide input to the Sound Transit Board.

Prior to adjusting basic fare structures or pricing, Sound Transit will:

A. Perform a Title VI report to determine the impact of the proposed change on low income, limited English proficiency and minority populations.
B. Appropriately publicize plans to increase the basic fare structure in a variety of ways. Options include the Sound Transit website, agency e-mails, newsletters and other means of correspondence.
C. Provide opportunities for public input. Options include holding open houses, mailing comment forms to customers, and/or soliciting for public comment via e-mail, at the discretion of the chief executive officer.
D. Hold a public hearing with written notice and recording services.
E. Review and document public comments for the Sound Transit Board.